

STAND. COM. REP. NO.

493

Honolulu, Hawaii

Feb 20, 2009

RE: H.B. No. 262
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and
Judiciary, to which was referred H.B. No. 262 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE FRAUD,"

beg leave to report as follows:

The purpose of this bill is to enable the Department of
Commerce and Consumer Affairs' (DCCA) Insurance Division to
investigate and prosecute insurance fraud beyond motor vehicle
insurance fraud, to cover fraud in all lines of insurance except
cases and violations arising out of the Workers' Compensation Law,
Chapter 386, Hawaii Revised Statutes (HRS). This bill also
expands the definition of insurance fraud and allows the filing of
administrative and civil insurance fraud actions.

DCCA, the National Association of Insurance and Financial
Advisors - Hawaii, American Council of Life Insurers, Hawaii
Medical Service Association, State Farm Insurance Companies, and
GEICO testified in support of this bill. The Hawaii Association
for Justice opposed this measure. The Department of the Attorney
General and Hawaii Association of Health Plans provided comments.

Your Committees have amended this bill by:

- (1) Clarifying that the Attorney General has the discretion
to designate as special deputy attorneys general, any
attorney employed or retained by the newly established
Insurance Fraud Investigations Branch (Branch) and

HB262 HD1 HSCR CPC-JUD HMS 2009-2000

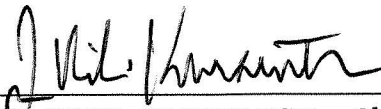


representing the State in any criminal, civil, or administrative proceeding relating to insurance fraud;

- (2) Providing that only Branch investigators will have the same powers and authority as police officers and deputy sheriffs under this measure;
- (3) Providing that the administrative penalties established by this measure apply to insurance fraud committed "knowingly," as that term is defined in the Hawaii Penal Code under section 702-206, HRS;
- (4) Replacing the provisions relating to the civil service status, salaries, benefits, and privileges of employees transferred by this measure from the existing Insurance Fraud Investigations Unit to the Branch, with language suggested by DCCA; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 262, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 262, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Consumer
Protection & Commerce and
Judiciary,



JON RIKI KARAMATSU, Chair



ROBERT N. HERKES, Chair



